



HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Natural Resources

RNNR • NUMBER 017 • 1st SESSION • 41st PARLIAMENT

EVIDENCE

Wednesday, November 30, 2011

—
Chair

Mr. Leon Benoit

Standing Committee on Natural Resources

Wednesday, November 30, 2011

• (1530)

[English]

The Chair (Mr. Leon Benoit (Vegreville—Wainwright, CPC)): Good afternoon, everyone. Welcome to the continuation of our study on resource development in northern Canada.

We have with us today as witnesses from the Québec Mining Association, Dan Tolgyesi, president and chief executive officer; Jean-Claude Belles-Isles, director, environment; and Benoit Longchamps, economist.

As well, we have by video conference today from Fredericton, New Brunswick, Sam McEwan, assistant deputy minister, Department of Natural Resources.

Welcome to all of you.

Monsieur Gravelle, do you have something you'd like to bring up as a point of order?

Mr. Claude Gravelle (Nickel Belt, NDP): Yes, thank you, Mr. Chair.

I know we're going to have bells in 15 minutes. We have two presentations of 10 minutes each. Could we wait the 20 minutes before we leave and get the presentations over with and then come back for questions after?

The Chair: Is there unanimous consent to do that?

Mr. David Anderson (Cypress Hills—Grasslands, CPC): They are half-hour bells?

The Chair: Yes, they're half-hour bells.

Mr. David Anderson: We can do that.

Some hon. members: Agreed.

The Chair: Okay. We have unanimous consent, and I appreciate that.

Mr. Claude Gravelle: Thank you.

The Chair: Monsieur Lapointe.

Mr. François Lapointe (Montmagny—L'Islet—Kamouraska—Rivière-du-Loup, NDP): If I may, Mr. Chair, can the meeting last a little longer, as it did last time, since we know we have a vote?

The Chair: Why don't we see when the bells are and see whether it will be worth coming back. If it happens to be a little bit later, then it probably wouldn't be worth it, but otherwise we can certainly discuss that just as soon as the bells start.

Would that be acceptable?

Some hon. members: Agreed.

Mr. François Lapointe: Thank you, Chair.

The Chair: Okay.

If we could, we'll have the presentations in the order they're listed on the orders of the day.

We'll start with the Québec Mining Association. I understand it will be Dan Tolgyesi who's going to make the presentation.

Go ahead, please, sir.

Mr. Dan Tolgyesi (President and Chief Executive Officer, Québec Mining Association): Thank you, Mr. Chairman and committee members. On behalf of the Québec Mining Association, thank you for your kind invitation to present to this committee the position of the Quebec mining industry with respect to northern development.

As you've said, with me today are Mr. Jean-Claude Belles-Isles, who is manager of environment, and Benoit Longchamps, economist.

Our presentation will be in French, but please do not hesitate to ask any questions in English or French.

Mr. Chairman, did you receive some slides? I will be referring to some graphics and it will be useful if you could see them.

The Chair: We did receive the slides, but they were in French only. We have a policy at committee that we require the translation to both official languages, unless there's unanimous consent that we distribute the document in one language only.

Is there unanimous consent?

Some hon. members: Agreed.

The Chair: Okay. I see unanimous consent. We will distribute the slides.

Thank you very much.

Go ahead, please, sir.

Mr. Dan Tolgyesi: It's about 30 slides, but we will use specifically about 11 of them, because the other ones are text. But when there are pictures it will be much easier to understand.

[Translation]

My presentation is not going to be about our association because you are already familiar with it. There are some basic concepts on page 5. What you see there are the stages of mining activities, including exploration, restoration and follow-up, in terms of duration, investments and other criteria. As you can see, the investment is huge, and so are the timelines. On pages 6 and 7, I just want to show the importance of timing for specific mining projects. In our industry, we have to reconcile ourselves to the cyclical nature of metal prices.

On page 6, you see an example showing a mining company that has operated a mine for a very short length of time, just five years. But development took six years and exploration more than seven. The red part shows the actual mining. The price of metals is shown in green for American dollars and blue for Canadian dollars. If you move the production period to the left or the right, that is, if you hold the project back or speed it up, you can end up in a period when the project is going to make money, or it absolutely isn't. But page 7 shows another project, the LaRonde mine. Its 30-year lifespan means that it is much easier for the project to be profitable.

On page 9, we talk about land use. This page shows that, while exploration has to cover a vast amount of territory, the actual mining only affects very small areas. In Quebec, the public has the impression that mines take up a lot of territory. That is not true. Mining operations, past and present, take up only 0.03% of the province, and always have. That is the equivalent of three-quarters of the island of Montreal. In a word, then, the land area used for mining is very small.

On page 12, we compare mining to other areas of commodity production. You can see that, with 1.4% of the firms in Quebec, mining provides 5.1% of the jobs, 10% of the investments and 12% of the exports.

[English]

You have the pages here.

I'm sorry. I will show you the picture so you will see what I'm talking about.

● (1535)

The Chair: Thank you very much.

Mr. Dan Tolgyesi: I am talking about this one, where we are talking about the impact of the mining industry, of mining companies, on the economy.

[Translation]

As I mentioned, that is 1.4% of the companies, but it represents 12% of the exports.

On the next page, we show the economic impact of mining companies on local and regional economies. More than a third of the purchases of goods and services are made regionally. In Quebec alone, that comes to \$1 billion in investments at local and regional levels. The impact, therefore, is huge.

I am now going to speak to the section entitled "Performance du secteur minier", specifically about social performance. The mining industry has incorporated sustainable development principles into its

operations. In Quebec, according to the Quebec ministry of economic development, innovation and export trade, we are at the top of the class in incorporating sustainable development into our operations.

I will now move to the section entitled "Performance en santé et sécurité". The frequency of accidents, expressed as the number of accidents per 100 people, has dropped by more than 75% in 20 years. The rate is now about 4.8. This improvement is mainly because of the cooperative work of the companies, the workers and the unions.

In environmental matters, the mining sector is subject to more than 140 acts and sets of regulations that govern the industry at federal and provincial level. More than 60 pieces of legislation deal with the environment alone. The industry's compliance in matters of mining effluents has risen from 86% to over 99% since 1995, despite a 33% reduction in the consumption of fresh water. This means that we are using much less water, despite having increased our production capacity by 48%.

In our relationship with Aboriginal peoples, the mining sector is ahead of all other industries, because we work in outlying areas. We have agreements with Aboriginal people, such as the Impact and Benefit agreements. In Quebec, three new agreements have just been signed, one with Goldcorp Inc., another with Cliffs Natural Resources Inc. and another with New Millennium. Of all these agreements, one stands out as an example: the agreement with the regional authorities and Inuit of Makivik, in Nunavik, where 18% of the workforce is Aboriginal. Xstrata's Raglan project has made over \$100 million available to local authorities.

The mining industry continues to be known for its rigorous governance. Just recently, we signed an agreement with the Bureau de normalisation du Québec to measure our progress in incorporating sustainable development principles into the daily operations of our companies. More than 26 sites are participating in this activity.

On this other slide, the bubbles show the growth and potential growth of various sectors. Here you see the provincial growth. The vertical axis shows world growth. When you look at the growth of various industrial sectors, you can see that the mining sector is the one with the most potential for economic growth.

This one just shows the increase in the number of mines currently operating in Quebec.

● (1540)

The table on the next page has "Plan Nord" in the title. This plan deals with mining projects north of the 49th parallel. The value of the projects committed or in operation approaches \$8 billion. Other projects are being evaluated; their total value could be around \$26 billion. This shows the potential of the north. We are talking about the north of Quebec, but we can talk about the north of Canada too.

The sixth heading is "Enjeux". The table that follows sums up the business risks facing the mining industry according to the Ernst & Young study. As you can see, they have listed the ten most important in descending order. You can also see how the significance of those issues has changed in 12 months. For example, resource nationalism was issue number four last year and it is number one today.

The skills shortage is the second most important issue; then comes infrastructure access, then the social licence to operate. The first four issues require government involvement. So we will provide more details about those. As for the remaining six, you can see that they are either business-related, or they relate to neither the business nor the government. Examples are the price of metals and the exchange rate. Neither yourselves nor the industry have any influence on those. So if I may, I will focus on the first four.

Under resource nationalism, you can see two effects. The first is entitled “Volonté populaire d'exiger de faire la 2^e et 3^e transformation dans leur juridiction”. Everyone wants the secondary and tertiary processing of all resources to be done at home. They don't want it done elsewhere.

[English]

The Chair: Monsieur Tolgyesi, you're two minutes over already. If you could wrap up your presentation very quickly, I would appreciate it.

Thank you.

•(1545)

[Translation]

Mr. Dan Tolgyesi: On the matter of royalties, everyone is demanding that they be higher. We also deal with the workforce issue. Maybe I should skip to the conclusion, which is called “Message à retenir”. The message there is that metals are essential for our modern way of life, that the mining industry is responsible, trustworthy and safe, and that it needs a regulatory framework that is simple, stable and predictable.

We feel that the government must support and fund research and development, specifically in the area of natural resources and even more specifically in mining. We have to work together to make sure that both Aboriginal and non-Aboriginal communities are included. We feel that governments, both federal and provincial, should play a part in funding infrastructure in the north because that kind of participation has the following major strategic advantages. First, it makes communities less isolated; second, it provides an important lever for economic development; and finally, it gives us a presence and a firm foothold in Canada's northern regions. It's a place where Canadians live.

[English]

The Chair: Merci.

We will go now to the second presentation, and this is by video conference from Fredericton, New Brunswick.

From the Government of New Brunswick, we have Sam McEwan, assistant deputy minister, Department of Natural Resources.

Mr. McEwan, I believe you were at our committee before by teleconference. If you could, just go ahead with your presentation, please.

Mr. Sam McEwan (Assistant Deputy Minister, Department of Natural Resources, Government of New Brunswick): Thank you very much for inviting New Brunswick to attend.

I understand the focus is on development of mining in the north. As you're probably very much aware, New Brunswick doesn't really

fall into that category. Northern New Brunswick gets a lot of snow in the winter, but beyond that we're very much different from, say, the far north of Canada.

As such, what I propose to do is give a brief overview of where we are with mining in the province, some of the issues and things of that nature that may relate to the north, but there are some common issues throughout.

New Brunswick has a long history of mining, which started in 1639 with the sale and transport of coal from the Minto area to Boston, so we've been involved in this for quite a while. The more recent history has been focused on base metal development and potash or industrial minerals.

New Brunswick has a very diverse geology. We're a small province but we have sedimentary basins. We have igneous formations and volcanics and so on, and as a result we have a full variety of minerals that are being looked at and have been exploited over the years. That includes base metals, lead, zinc, copper, molybdenum, tungsten, precious metals, industrial minerals like potash, salt, limestone, and also hydrocarbons, as I mentioned, in our carboniferous basins, which are coal, and more recently natural gas and oil. We've been an oil and gas producer for over 100 years, shale gas being the flavour of the day here, as it is in many other provinces.

It's fine to say that we have all these minerals and we are a small province, but at the same time we have also produced world-class deposits. I guess the primary one we have produced for a long period of time is Xstrata's Brunswick Mine. It has operated for close to 50 years, and it was the largest underground lead-zinc mine in the world. I believe it could still retain that title. It is due to close shortly, in 2013.

We also produce two world-class potash deposits. One is still operating. That would be the Potash Corporation of Saskatchewan's mine in Sussex. We've also had several mid-sized base-metal mines over the years.

Because we have a small province—and this is very different from the north—we do have a labyrinth of roads that are primarily related to the forest industry, which provides ready access to the entire province for the purposes of exploration. We don't get involved with helicopters very often. I guess that's the best way to put it. We have year-round, industrial-sized ports providing access to world markets, rail access, and a very well-trained, industry-oriented workforce.

Mining offers a huge economic opportunity for New Brunswick: well-paid skilled jobs. A lot of these operations are looking at the rural communities with regard to their location. A couple of really good examples would be Bathurst and Sussex. These are small towns—to start with they were probably villages—and they've expanded into very successful municipalities because of the mining industry associated with them. They are doing very well from an economic perspective.

We have seen firsthand the effect that mining can have on the rural community, and specifically on municipalities in close proximity. That's not to say that the supply chain benefits—it benefits throughout the province. Fabrication shops and various associated industries supply the mining industry in the province, and again they can be found throughout the province, so the benefits are not just localized.

• (1550)

Needless to say, there are also direct benefits to the province through royalties, taxes, and fees. We've had some very significant royalties paid over the previous years, which have certainly assisted us.

If you boil that down, when we look at our sister provinces—specifically Newfoundland and Saskatchewan—New Brunswick is a have-not province, and we feel that mining could certainly be a major contributor in converting us from a have-not province to a have province. So we really are focused on the mining aspect.

Currently we have one major expansion going on in potash. The PCS mine is expanding to the tune of \$1.7 billion. That's about three-quarters of the way completed.

We have two mid-sized base-metal mines, lead-zinc mines in the north, that are currently under feasibility.... One has actually begun development. And we have two mid-sized tungsten-molybdenum mines in the south that are in the feasibility stage.

That being said, we've certainly had our issues. We have a history of environmental impact from mining: acid mine drainage resulting in polluted rivers; soil and air contamination from smelting; and significant land disturbance from a coal strip mining operation. But it should be pointed out that this damage was done at a time when really there were no environmental rules in place to speak of. It was back in the 1950s and 1960s, as I said, which is recent history.

Today we do have a very rigorous mine approval process and very comprehensive legislation to back it up.

That being said, in line with what the previous presenter said, there is always room for improvement, and we recognize that. We are looking at regulatory reform. The current government is focused on that with regard to trying to strike a balance so that we have transparent, effective, efficient, and comprehensive legislation. That is on the table for review to try to deal with some of the issues that were raised by the previous presenters.

Aboriginal title and participation are new to New Brunswick. We haven't really had to deal with those until recently, and of course they're a little different here than they are in the western provinces, with our treaties. So we're kind of on the learning curve in that regard. However, we established a lands and resources bilateral table in 2010 to initiate discussion with first nations communities regarding natural resource management activities, licences, and policies. That's ongoing, and we feel it is progressing very well.

As well, we've had one company, Trevali, which I referred to, actually start the development of a base-metal mine in the northern part of the province. They've entered into an impact benefits agreement with the local Mi'kmaq and Maliseet Nations, and everybody seems quite pleased with the results of that. We looked at

that. This company is from Manitoba, so they have experience in entering into these agreements. They have set the benchmark for New Brunswick, and I think they've done an excellent job in that regard.

One of the biggest issues for us at the moment—and again this is probably very different from what you would find in the north, because we are a small province—is social licence. We're dealing with that certainly on the shale gas side, but that is spilling over into the mining side as well. The issue there is that the general public can be very negatively influenced by minority interest groups that have what we feel are somewhat biased objectives. There is distribution of significant misinformation through social networking. The social network in New Brunswick is alive and real and very well connected. Sometimes this is viewed as an urban versus rural dispute as well. With some of the mines being in rural settings, rural people feel they may be impacted more than people living in cities will be.

People fail to make the connection between the opportunity for economic development that mining brings and the ability to afford all of those necessary services, such as medical services, education, infrastructure, etc. They don't seem to really put that together very well. They view it as mainly big companies making a lot of money, coming in and making a mess and leaving, and leaving the cleanup for us.

• (1555)

Royalties were mentioned. They also feel that the government is not getting their fair share of royalties and that we need to do something about that. This current government is reviewing royalties, all royalties, in the province, so there may be an impact or a change there.

They also feel that there's insufficient legislation and oversight. We feel that our legislation is certainly comprehensive at this time, but there's always room for improvement.

They have a definitive position on mine development. They feel it will impact the natural and social environments negatively. It may or it may not. It's being presented as a fact that if you do this, it will impact those environments.

Bottom line, they don't trust or believe either industry or government when they try to explain the situation.

I just want to mention some of the federal government initiatives and the role the federal government can maybe play.

We would suggest that the focus of the federal government be on the environment, safety, and health. One of the initiatives the federal government has come out with, which I think is quite positive, is the Major Projects Management Office. That seems to be working very well. We haven't had a lot of exposure to that, again, because a lot of the projects we have aren't major. They're smaller.

The green mining initiative, again, is something we feel is a very positive step forward. We feel the federal government should be the coordinator of that type of thing.

It is the same for MEND, or the mine environment neutral drainage program. That's proven to be very beneficial for us, in many respects.

The last thing is not really mining. It's Environment Canada's approach to shale gas. It asked the Council of Canadian Academies to do an assessment of the state of scientific knowledge on the potential environmental impacts of shale gas development. Again, I would go back to saying that the public tends not to believe industry or government, but they do tend to believe academia from time to time, so I think that's a very positive approach.

Having said all that, I'll sum up very quickly.

There are a lot of good things going on. There are a lot of issues out there. One of the key things is communicating to the public everything we are doing along these lines to try to address these issues. That's what we find the most difficult part of this. I think there's a role for the federal government in that respect. Communication is really key, certainly in a province like New Brunswick, to inform people about what we are doing and how we're doing it and to tell them that we do have their best interests at heart.

That ends my presentation.

• (1600)

The Chair: Thank you, Mr. McEwan.

We'll go now directly to questions, starting with Mr. Allen, for up to seven minutes.

Mr. Mike Allen (Tobique—Mactaquac, CPC): Thank you very much, Mr. Chair.

Thank you to our witnesses for being here today, especially Mr. McEwan from New Brunswick. It's good to see you again.

We've heard questions and comments in previous testimony, as we've been doing our study, especially in the north, about there being a lot of delays. We heard stories about situations where initial approval for a mine was given, and then it could be five more years before all the permits could be obtained from DFO, for example, and some others.

Mr. McEwan, I have had a little bit of experience with the tungsten and molybdenum mine, which is actually in the south end of my riding, out in the Stanley area. I've seen the challenges in the social media, and others as well, with respect to that mine.

The terms of reference process took a little while to do. The company is now preparing an environmental assessment over the next year, and then apparently it will wait a year for approval.

Can you talk a little about the regulatory and permitting process for a mine like that in New Brunswick? Furthermore, could you comment a little bit on whether there has been any interaction with the Major Project Management Office on that? Is there any duplication of effort you see between the province and the federal government in the whole process of potentially getting that mine going?

Mr. Sam McEwan: Based on what I know, yes, you're absolutely right. From my experience with the mine approval process, a lot of companies do come in with the idea that this can be done in probably six months or in that order. This company didn't come in with that understanding. It knew it would take some time. It needed time to do its studies and so on. A lot of the studies that are done probably have to take at least a one-year cycle. It got out very early.

It has also been listening to what we've been saying, and it got out very early to engage the public and to engage first nations, and things of that nature. This is one of those things where, when you do that, especially when you engage the public, when you introduce the fact that you're looking at developing a mine, the public wants all the answers up front.

Of course, if you're out that early, you're just dealing with a concept more than anything else. It has been involved in this for probably a couple of years now as far as actually dealing with the public and explaining what its plans are and working on developing the terms of reference for its environmental impact assessment, and so on. That's done.

My understanding is that the way it's working, I guess the obvious overlap or duplication could be with the EIAs, the federal EIA and the provincial EIA, and that seems to be geared to the size of the project, and also the potential impact on the federal responsibilities such as fisheries, and so on.

I know that in the past we have worked to harmonize those two so that there is only one EIA, the federal government working with our provincial government environment department to ensure that there is no overlap and duplication, and I believe that's what's happening in this particular instance. I do believe they are involved with the major projects office, but I haven't been directly involved with that, so I don't know any of the specifics with regard to whether they've taken appropriate steps to streamline or not. Based on past history, that is the critical thing, the two EIAs.

The Department of Fisheries and Oceans—and you've probably heard this many times—tends to be a bit of a sticking point from time to time as far as that goes, and it takes its mandate very seriously. We've had a couple of instances where we really questioned where it's coming from, and it has caused delays and does introduce elements of the unknown, I guess, for development of properties.

• (1605)

Mr. Mike Allen: What is the current royalty scheme in New Brunswick? And is there a case to be made for maybe a north and south of 60, or a south of 60 one-size-fits-all regulatory process?

Mr. Sam McEwan: The regulatory regime in New Brunswick is basically...for the royalties, we have what we call a net revenue tax, which is 2%, and then a net profits tax, which is 16%. That means that no matter how well or badly a mine is doing, we will receive some revenue on an annual basis from a mine. That would be the 2%. I guess we've also been very fortunate with the 16% from time to time. But generally speaking, over my experience with this, the 16% isn't paid very often because...well, I guess we've gone through some rough times with mining, and as was indicated, certainly price plays a major role with what you're going to receive along that line, and currency exchanges and so on.

We have done very well from Xstrata. I think in 2007-08 we were certainly in excess of \$120 million in royalties from them. Of course, that was when the price was \$2 a pound versus 32¢ a pound, which it had been for a number of years previously.

Sorry, what was the second part of your question?

Mr. Mike Allen: Do you think there's a case to be made for a common, one-size-fits-all regulatory process on the approval process?

Mr. Sam McEwan: There is that possibility, but I think it would be at a high level, because various jurisdictions across the country, north to south, have different issues to contend with. I go back to what I was saying with regard to the size of New Brunswick: it's a small province. People are very much aware of what's going on, whereas if you were in, say, northern Saskatchewan or in northern Canada somewhere, it isn't as much in your face, I guess is the thing. There could be some regional differences.

Generally speaking, there should be a one size fits all as far as how you deal with the various components—the environment, the social impact, all those things. Both industry and the public should be able to walk away from this, satisfied that the job has been well done and they've been listened to and dealt with.

The Chair: Thank you, and thank you, Mr. Allen.

We go now to Madame Day for up to seven minutes.

[Translation]

Mrs. Anne-Marie Day (Charlesbourg—Haute-Saint-Charles, NDP): Thank you, Mr. Chair.

First, I would like to talk to the representatives from the Quebec Mining Association.

We are going through difficult economic times. The Deloitte report that came out recently talks about necessary reductions, about energy efficiency and about automating work. So that means that some companies are starting to use driverless trucks and establishing remote control centres.

How are you going to reconcile the fact that the sector has to create jobs, especially for Aboriginal people, with the automation that we know is coming? Is that a concern for you?

Mr. Dan Tolgyesi: Thank you, Madam.

First, like all industrial sectors, the mining sector is trying to become more automated, mechanized and so forth. In part, that is to reduce the workers' exposure to danger where necessary and, in part, it is to improve procedures and systems.

That said, as you can see, we are experiencing a labour shortage in Quebec. So if we do not become more mechanized, we are going to have a real problem. While we may have automated trucks that require no driver, they do need someone else, a technician to maintain the network and the system. So there is a shift, an evolution in the skills we need. Instead of a truck driver, we need an electrician, or a technician or mechanic trained in electronics. In a way, the knowledge and skill of our workforce has increased.

Second, I mentioned that conditions in the north are quite tough. We have to consider this as we look at ways to expose our staff to those conditions as little as possible. In underground mines, we use mechanization so that operators can work well away from the equipment; that keeps them out of harm's way.

• (1610)

Mrs. Anne-Marie Day: We know that Aboriginal people are not going to be able to train as electricians and engineers in a few weeks. How are you going to go about hiring them as part of the agreement you have with their territories?

Mr. Dan Tolgyesi: Clearly, there is an evolution in the jobs and in the expertise and experience of the employees. I have worked in the mines as an operator. I have managed mines. Aboriginal people worked as technicians, mechanics and so on. They are ready, willing and able to learn. It's a question of structuring the training properly. That's the first thing.

Then there is something that we have not talked about but that was mentioned in our presentation. We have to help Aboriginal people develop their business acumen as they learn. The work actually involves a cultural shift. Mine work is very cyclical: so much time on, so much time off. That is difficult from the traditional Aboriginal way of life. So there is a period of adjustment. After that, we have no problem with the Aboriginal people; they adapt well.

Mrs. Anne-Marie Day: Yes, you did mention your relationship with Aboriginal people in your presentation. I'm talking about the issues. You talked about infrastructure. You also talked about the administration and about reducing it a little.

I would like to ask you about energy. What kind of energy do you use? Do you have problems with energy in your operations?

Mr. Dan Tolgyesi: In the south at the moment, we have access to electricity and gas. In the north, we do not. What we do is ship fuel oil or diesel to the sites by truck or by boat, store it there and use generators to produce electricity. That's how it works.

So that's why mining companies are trying to find alternate sources of energy. In the far north, for example, the Raglan mine is looking at trying wind power.

[English]

The Chair: Madame Day, you have some time left, but the bells have started. If they're half-hour bells, we probably wouldn't be able to get back here until 5:10 or so, if we were to come back. Could we finish the first round of questioning and then allow the witnesses to leave and end our meeting at that time? Is that the way to handle things? Is that agreed?

Some hon. members: Agreed.

The Chair: Very good. Thank you very much.

So we will finish the round of questioning.

Madame Day, we stopped the clock. You have a couple of minutes left.

[Translation]

Mrs. Anne-Marie Day: Okay.

On a totally different topic, could you tell me what percentage of the minerals is processed in Quebec and exported?

Mr. Dan Tolgyesi: In Quebec?

Mrs. Anne-Marie Day: Yes. What do we process domestically?

Mr. Dan Tolgyesi: As mentioned in the presentation, from 1999 to 2000, the value of exported and imported minerals was about \$15 billion...

•(1615)

Mrs. Anne-Marie Day: Of processed minerals.

Mr. Dan Tolgyesi: Are you talking about the minerals that are exported from Quebec to be processed?

Mrs. Anne-Marie Day: Processed in Quebec. What percentage of the minerals is processed in Quebec?

Mr. Dan Tolgyesi: No, not processed. The amount of mineral that is processed once and then exported and the amount of mineral that is imported into Quebec to be processed are more or less the same. It balances out.

All aluminum production in Canada is done with imported bauxite and alumina. It comes from outside Canada. If we had to process all ours here and if everyone else did the same elsewhere, there would be no aluminum produced here.

Mrs. Anne-Marie Day: Among Quebec's good practices, are there any that could serve as models for the other provinces in Canada?

M. Dan Tolgyesi: Good practices are exchanged constantly. For training, technological development or work practices, for example, we have a Canada-wide training organization that is trying to standardize training all across Canada.

So the good practices we use or develop in Quebec go out to the other provinces and vice versa. When we see something good and useful being done elsewhere, we use it at home.

Mrs. Anne-Marie Day: Turning to royalties...

The Chair: Thank you, Mrs. Day.

[English]

Sorry, your time is up.

Mr. McGuinty, perhaps you could go ahead, as the last questioner of the day.

Mr. David McGuinty (Ottawa South, Lib.): Thank you, sir.

Bonjour, monsieur.

Thank you for joining us by video, sir, in New Brunswick.

I'd like to go to a theme we're hearing a lot about in the mining sector. It really does touch on the important issue of first nations participation in mining operations.

It's hard to reconcile the different testimony we've been receiving. Some folks come in and tell us, as you have, sir, from the Québec Mining Association, that there are three new impact benefit agreements. The Northwest Territories require socio-economic agreements. Some folks say the capacity problem is so large that it is very difficult to engage and hire and ensure the participation of employees who have first nations backgrounds. Others come in and tell us that hundreds have done post-secondary training as a result of federal and territorial and provincial investments, and occasionally investments by private sector companies like BHP.

I want to go back and put two comments to you for your consideration, particularly with regard to the Quebec mining situation. One was a comment made by a company called Fortune Minerals. In their testimony they said that we should be now reviewing completely our approach to the engagement and the participation of first nations peoples way beyond impact benefit agreements and socio-economic agreements.

With regard to the second comment, I want to read into the record testimony from John Cheechoo, who is the ITK director and who appeared here on November 23. It's very compelling testimony I want to put to you for your consideration, and then I'll stop and ask you to respond.

He said:

That message is that proponents of major development projects in the Inuit homeland should actively seek Inuit partners, and in all cases they must turn their minds to how their proposals can deliver maximum benefits to Inuit communities and households as well as to their shareholders.

The old days of Inuit being passive observers to such fundamental decisions are gone. No approach to resource exploration development in the Arctic will be successful unless Inuit are full partners and draw direct and substantial benefits. This last message was forcefully made and upheld by the Nunavut Court of Justice...

He went on to say the Inuit people forced this Conservative government to halt seismic mapping in Lancaster Sound.

Why aren't we talking, why isn't the Québec Mining Association talking, why isn't the deputy minister from New Brunswick talking about full equity participation by our first nations in these projects? Why aren't our first nations peoples owners of these projects? Why are we only circumventing their participation, hiving it off as capacity to simply be employed? What is it going to take for us—based on your experience with northern Quebec, for example—to simply move to the next step, which is to make first nations peoples full partners with equity participation in these projects?

The Chair: Mr. Tolgyesi, do you want to start?

• (1620)

Mr. Dan Tolgyesi: Yes. When you're talking about first nations equity participation, there are steps, because equity participation means, first of all, financing. But we are developing their partnerships now. When I look at mines like the Troilus Mine or the Raglan Mine—and this is also the case with Goldcorp—they have contractors that are native companies, or I would say there are partnerships between large transportation companies and native transportation companies. They are bidding for contracts. They have catering.... So it is progress.

You cannot say that because I decide today I will go to the north and I will tell the natives, "Now, you should fully participate, but first you need equity, and you should finance 50% of expenses." You remember that when we were showing the projects, there were some for \$1 billion and over.

Mr. David McGuinty: Sir, you are saying the problem is capital. It's not resistance on the part of the project proponents to reach out and offer a hand and say, "A place to begin our negotiations is equity participation."

Mr. Dan Tolgyesi: Yes, to some extent.

When you sit down with the natives to negotiate...we have agreements where natives participate in activities as contractors, as I said. It's progressive learning. We should develop more entrepreneurship with the native communities because they are not used to this concept.

Mr. David McGuinty: In fairness, I've been hearing this for 30 or 40 years. In previous lives and doing different work, I've been hearing the same position put forward by industrial associations like yours, or individual mining companies or oil and gas or diamond companies, who keep saying it's a question of time, that it will take several decades. Folks can be subcontractors, they can run kitchens, and they can run trucking operations, but equity participation is much too big a leap, a quantum leap. People often point to the lack of capital as the reason why first nations aren't able to be active equity owners. If that's the problem, then this committee perhaps should turn its mind to how we can make sure that first nations do have access to the equity capital.

The Chair: There's about half a minute left.

I want to explain to all the witnesses that we are going to end the meeting after this half minute is up because we have to get to a vote and we'd be back toward the end of the time scheduled for the meeting.

Who would like to wrap this up in half a minute?

Go ahead.

Mr. Dan Tolgyesi: If you are saying that you will come back at 10 or 15 after five, we are ready to stay, if you wish. If you're not, it's going to be over.

The Chair: No, we're ending it right now. We just don't have enough time.

Mr. Dan Tolgyesi: I want to say to Mr. McGuinty that there has been huge progress. I remember when I was operating in the mines in the early 1980s. We may have had natives as crusher operators or helpers. Now you have technicians, human resource coordinators, or managers. So there is progress, but it takes some time. You cannot say that—

The Chair: I'm sorry, but I have to end it there. We really do have to get going.

Thank you all very much for your participation today.

The meeting is adjourned.

MAIL  POSTE

Canada Post Corporation / Société canadienne des postes

Postage paid

Port payé

Lettermail

Poste-lettre

**1782711
Ottawa**

If undelivered, return COVER ONLY to:
Publishing and Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5

*En cas de non-livraison,
retourner cette COUVERTURE SEULEMENT à :*
Les Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5

Published under the authority of the Speaker of
the House of Commons

SPEAKER'S PERMISSION

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Additional copies may be obtained from: Publishing and
Depository Services
Public Works and Government Services Canada
Ottawa, Ontario K1A 0S5
Telephone: 613-941-5995 or 1-800-635-7943
Fax: 613-954-5779 or 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Also available on the Parliament of Canada Web Site at the
following address: <http://www.parl.gc.ca>

Publié en conformité de l'autorité
du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

On peut obtenir des copies supplémentaires en écrivant à : Les
Éditions et Services de dépôt
Travaux publics et Services gouvernementaux Canada
Ottawa (Ontario) K1A 0S5
Téléphone : 613-941-5995 ou 1-800-635-7943
Télécopieur : 613-954-5779 ou 1-800-565-7757
publications@tpsgc-pwgsc.gc.ca
http://publications.gc.ca

Aussi disponible sur le site Web du Parlement du Canada à
l'adresse suivante : <http://www.parl.gc.ca>